

## § 1786.152

## 7 CFR Ch. XVII (1–1–07 Edition)

or power supply borrowers pursuant to RUS wholesale power contracts.

*Preclosing notice* shall mean a notice delivered by the Government to the borrower in response to a closing request, identifying the closing date, the Qualified Notes to be prepaid at such closing and documents to be delivered by the borrower to the Government prior to the closing date.

*Prepayment agreement* shall have the meaning set forth in § 1786.158.

*Qualified Notes* shall have the meaning set forth in § 1786.154.

*RE Act* means the Rural Electrification Act of 1936, as amended (7 U.S.C. 901 *et seq.*).

*RUS* means the Rural Utilities Service, an agency of the United States Department of Agriculture.

*RUS Loan Contract* means the agreement, as amended, supplemented, or restated from time to time, between a borrower and RUS providing for loans or loan guarantees pursuant to the RE Act.

*RUS Mortgage* means collectively those mortgages and security agreements made by and among the borrower, the Government, and third parties, if any, securing indebtedness evidencing electric loans or loan guarantees made pursuant to the RE Act.

*Rural development loans* means loans or grants made pursuant to Rural development programs.

*Rural development programs* means loan or grant programs under the authority of the Administrator pursuant to sections 313, 501, and 502 of the RE Act.

*Supplemental lender* means a private lender whose loan to the borrower is secured by the RUS mortgage.

*Tax exempt financing* means borrowing evidenced by bonds, notes and other evidence of indebtedness the income of which is excluded from gross income for the purposes of Chapter 1 of the Internal Revenue Code of 1986 (26 U.S.C. ch. 1).

(b) *Rules of construction.* Unless the context shall otherwise indicate, the terms defined in paragraph (a) of this section include the plural as well as the singular, and the singular as well as the plural.

### § 1786.152 Prepayments of RUS loans.

An electric loan made under the RE Act shall not be sold or prepaid at a value that is less than the outstanding principal balance, except that, on request of a borrower, an electric loan made under the RE Act, or a portion of such a loan, that was advanced before May 1, 1992, or has been advanced for not less than 2 years, shall be prepaid by the borrower at the lesser of the outstanding principal balance of the loan or the discounted present value thereof.

### § 1786.153 Discounted present value.

(a) The discounted present value shall be calculated by summing the present values of all remaining payments on all Qualified Notes to be prepaid according to the following formula and adjusted as provided in paragraph (b) of this section if tax exempt financing is used.

$$\text{Present Value} = \sum_{k=1}^n \frac{P_k}{\prod_{i=1}^k \left[ 1.0 + \left( \frac{D1_i}{365} + \frac{D2_i}{366} \right) I \right]}$$

Where:

The Greek letter, Sigma ( $\Sigma$ ) means the sum of the following terms.

The Greek letter, Pi ( $\Pi$ ) means the product of the following terms.

$P_k$ =Total payment, including interest due on the  $K^{\text{th}}$  payment date following the prepayment date.

$n$ =Total number of remaining payment dates to final maturity.

$D1_i$ =Number of days in the  $i^{\text{th}}$  payment period that are in a non-leap year (365-day year).

$D2_i$ =Number of days in the  $i^{\text{th}}$  payment period that are in a leap year (366-day year).

$I$ =The discount rate applied to each transaction ascertained by using data specified